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SUBJECT: PARTY FINANCING OPACITY A HUGE BOON TO SWAPO

REF: WINDHOEK 118

Classified By: Ambassador Dennise Mathieu Reason 1.4 (b)

¶1. (C) Summary: Political parties in Namibia have no legal requirement to disclose the sources of private domestic funding, while public funding is dictated by the number of seats a party holds in the National Assembly. Both systems heavily benefit the ruling South West African People's Organization (SWAPO), which has a massive funding advantage heading into November's national elections. Foreign funding -- of which SWAPO is widely rumored to benefit -- by law should be declared, but shortcomings in electoral legislation mean that parties are not compelled to do so. Pending amendments to the Electoral Act do not address the financing issue, suggesting SWAPO most likely will retain its sizable monetary advantage for several elections to come. End summary.

WHAT THE ELECTORAL LAWS SAY ABOUT FINANCING

¶2. (U) Namibian electoral law -- particularly the guiding Electoral Act of 1992 -- says almost nothing about the regulation of funding for political parties in Namibia. Parties are not compelled to disclose the identities of domestic funders, and there are no prohibitions against parties operating private sector entities to raise funds. The only portion of the Act that touches upon the funding issue, Article 46, does note that foreign funding of parties must be declared. However, the act does not specify how this must be done, nor does it provide for an enforcement mechanism.

¶3. (U) As for public money, Namibia since 1997 has had in place a system that annually awards parties public money based on their representation in the National Assembly. Since 1997, the government has awarded approximately N\$190 million (more than \$20 million) to political parties, nearly three-quarters of which has gone to SWAPO. SWAPO alone was awarded almost N\$27 million (almost \$3 million) in 2008, dwarfing the slightly more than N\$8 million received by all other parties combined. Parties have no obligation to disclose what they do with these funds once they receive them.

IN PRACTICE, DECK STACKED IN SWAPO'S FAVOR

¶4. (C) The ultimate result of the opaque nature of private funding and proportionality of public funding is that SWAPO can employ an overwhelming advantage at campaign time, according to several local political commentators. Graham Hopwood of the Institute for Public Policy Research (IPPR) told Poloff on July 23 that while no one knows the extent of SWAPO's private financing, it far outstrips even their sizable public funding. First, most private businesses in Namibia clearly favor SWAPO given its status as ruling party. Secondly, SWAPO reaps benefits from its private sector holding companies, Zebra Holdings and Kalahari Holdings. Kalahari, for example, has interests in printing, transport, and other firms, including half of local satellite broadcaster DSTV. While noting that he could not substantiate the rumor, Hopwood said he has heard SWAPO earns more annually from its DSTV dividends than it gets from the

national fiscus. Lastly, SWAPO -- and in particular President Pohamba -- frequently uses state resources in campaigning. Pohamba, for example, will use the presidential plane on campaign pit stops. The legality of such moves is not clearly spelled out in the law.

15. (C) As for foreign funding, the system currently in place is unenforceable and SWAPO in particular gains from foreign donations. Only one sizable donation -- \$N240,000 to SWAPO in 2003 from the Chinese Communist Party -- has ever been publicly acknowledged (see Reftel for more information on Chinese support for SWAPO), while the Chinese Communist Party, Angola's ruling MPLA, and even South Africa's ruling ANC are widely rumored to have financed SWAPO in recent years. China in particular is rapidly expanding its business linkages in Namibia, so large contributions to SWAPO would make sense from a business standpoint. SWAPO is not the only recipient of funds, however. Leaders of smaller opposition parties have told Hopwood of donations from political parties in Scandinavia and from the British Labor Party, for instance.

16. (C) The lack of a mechanism in which to declare foreign funding is a huge impediment to making this information public, and until the law is made more clear, it is unlikely that parties will seek to follow it. Anton Bosl, head of the Konrad Adenauer Stiftung's Namibia office, told Poloff on July 22 that he recently went to the Electoral Commission to ask about foreign donations, but they told him they had no information and were not the right people to help him. Bosl said he had no clue to whom to turn otherwise.

OPPOSITION FACES UPHILL FIGHT IN NOVEMBER

17. (C) Hopwood and others see little chance of the political opposition making a dent in SWAPO's support in the upcoming November elections, in large part due to their severe funding disadvantage. The new Rally for Democracy and Progress, a SWAPO breakaway formed last year, has no seats in the National Assembly and will therefore not receive any public funding. Estelle de Bruyn, a political reporter at Die Republikein, noted that the party is currently being run out of party leader Hidipo Hamutenya's Windhoek house on a shoestring budget. The party has reportedly received some backing from northern businessmen, but it is apparently nowhere near enough to properly compete with SWAPO.

CHANGE UNLIKELY ANYTIME SOON

18. (C) Pending amendments to the Electoral Act -- which is still in the National Council -- contained no language on party funding, and Hopwood said that despite the shortcomings of the system, there is little prospect for reform due to lack of political will. SWAPO clearly does not want to change a system that works to its benefit, but Hopwood also noted that the opposition also does not want more transparency around funding. Smaller parties do not want to expose their donors to SWAPO scrutiny, which could cause them to lose out on government contracts or even make them targets for retribution. Ultimately, while Hopwood's IPPR does try to shed light on the issue, party financing is not a hot-button political issue for the majority of Namibians.

COMMENT

19. (C) Namibia's current campaign laws will make it difficult, if not impossible, for smaller opposition parties to take on SWAPO for the foreseeable future without some sort of change to campaign finance laws. Even with resonant campaign messages, opposition parties will find it difficult to campaign in a country as geographically vast as Namibia without campaign resources. As long as it remains in power, SWAPO's use of holding companies will generate significant

revenues that, even without public funding, will dwarf the rest of the opposition combined.

MATHIEU